



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT:** ISLAND ANNEXATIONS

**DATE:** July 19, 2006

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

7/28/06

**COUNCIL DISTRICT:** Citywide

## RECOMMENDATION

Accept the proposed phasing plan for the annexation of up to 58 unincorporated islands of less than 150-acres in three general phases over the next 3 to 5 years, beginning with the smallest and least populated areas.

## OUTCOME

Acceptance of the proposed annexation program will enable the City to move forward with a multi-year, phased program for the annexation of all unincorporated "islands" of 150-acres or less. The phased approach provides time for the various City service providers to prepare for increased responsibilities and minimizes the near-term impact to the level of services for the current City population. The proposed phasing will also distribute workload related to the rezoning and annexation processes consistent with the staffing resources available to perform these processes and the necessary public outreach.

While County policy and standard development practices would likely result in the eventual annexation of the island areas, the proposed annexation program will possibly reduce the administrative cost of these annexations for the City by taking advantage of the County's current commitment to facilitate annexations and the State's temporary streamlining of the annexation process.

As a result of the proposed annexation program, at its completion, the City will have gained an estimated population of approximately 16,650 people and an increased incorporated area of 1534 acres.

## **EXECUTIVE SUMMARY**

Staff proposes a three-phase program for the annexation of the 58 unincorporated islands within the City of San Jose. The phasing plan effectively distributes the areas for annexation across the City in each phase while also minimizing the near-term costs and impacts to the City departments that must provide services to all incorporated areas. Staff recommends that the City move forward with the annexation program, according to the proposed phasing plan.

## **BACKGROUND**

The purpose of this memorandum is to provide information to the City Council about the proposed schedule for the annexation of County "pockets" or islands (unincorporated areas that are entirely or predominantly surrounded by annexed territory of City of San José). Annexation signifies the acceptance by the City of the responsibilities to provide the wide range of necessary municipal facilities and services.

On April 26, 2006, the City Council voted to provide direction to City staff to proceed with the County island annexation process, and specifically to:

1. Direct City staff to prepare initiation of the annexation of unincorporated islands under the provisions of Government Code Section 56375.3 at a level commensurate to available funding.
2. Request that the County provide the necessary mapping, legal descriptions, Surveyor's and Assessor's Reports as a part of the annexation process.
3. Direct staff to initiate the necessary rezonings for the parcels within the areas proposed for annexation and complete the related environmental review.
4. Request that the County provide street improvements of the pockets pursuant to the County offer of July 6, 2005.

As a follow-up to the City Council discussion given at the April 25, 2006 City Council hearing, staff is seeking approval of the proposed phasing program, including prioritization of the areas to be annexed as described in this memorandum.

## **ANALYSIS**

The proposed schedule for the annexation of County pockets takes into account the available staff resources to process the annexation proposals and the increased demand for City services that will result from the annexation of these areas into the City of San Jose. Primary services include police, fire, street and sewer maintenance, traffic calming, solid waste collection/disposal, and code enforcement. Other departments, such as Library and Parks, Recreation and Neighborhood Services may have increased demands, but do not anticipate those to be significant because they already provide service to County residents due to a lack of comparable services in the vicinity provided by the County.



Based on a consensus of the affected City departments, staff is proposing to annex unincorporated islands in three general phases over the next three to five years, proceeding first with the smallest and most sparsely populated areas as these are anticipated initially to have the least impact on City service levels and will require less staff resources to conduct the necessary processing and outreach to the public.

#### Phase 1

Staff has begun the process of annexation of the first group for 24 unincorporated islands. These were selected as they are all relatively small areas, minimally inhabited (based on census data) and are geographically distributed throughout the City. It is anticipated that the rezoning and annexation of these areas would be considered by Council this calendar year.

#### Proposed Phase 1 Annexations

Council District	City ID#	Annexation Name	Acres	Population	Households	Streets (miles)
1	1-2	Cypress No. 30	3.25	40	15	0.11
2	2-1	Monterey Park No. 110	41.6	0	0	0
2	2-2	Oak Grove No. 70	17.23	0	0	0
3	3-1	Penitencia No. 73	7	145	34	0
4	4-1	Orchard No. 148	39.48	10	3	0
4	4-3	Berryessa No. 68	15.26	2	1	0
4	4-5	Penitencia No. 74	3.34	10	4	0.03
4	4-9	Piedmont No. 51	2.28	5	2	0.03
4	4-10	Piedmont No. 52	1.07	9	4	0
5	5-5	McKee No. 132	10.57	4	1	0
5	5-7	Story No. 63	4.23	10	3	0
5	5-8	Story No. 61	3.77	8	4	0.06
5	5-9	Story No. 59	3.77	12	4	0.07
5	5-10	Story No. 60	3.71	20	7	0
5	5-12	Story No. 62	0.9	4	2	0.04
6	6-6	Sunol No. 75	3.56	118	65	0
6	6-7	Sunol No. 74	2.6	30	12	0
6	6-8	Sunol No. 76	1.82	38	16	0
7	7-3	Monterey Park No. 108	8.57	0	0	0.11
7	7-4	Monterey Park No. 109	4.59	4	2	0
8	8-6	Evergreen No. 198	1.6	7	2	0.01
8	8-7	Evergreen No. 197	1.54	3	1	0.01
8	8-8	Evergreen No. 192	1.27	5	1	0
9	9-4	Cambrian No. 35	2.58	25	8	0.05
(24)	Subtotal		185.59	509	191	0.52

Phase 2

The second phase group of islands is also comprised of relatively small, sparsely populated areas. These areas do, however, have higher projected service costs than those in the first phase, based upon preliminary staff analysis. Staff is proposing that the annexation of the second phase, consisting of 20 pockets (239 acres, 207 residents) be completed by the end of the 2007 calendar year.

**Proposed Phase 2 Annexations**

Council District	City ID#	Annexation Name	Acres	Population	Households	Streets (miles)
2	2-3	To be determined	8.68	0	0	0
2	2-4	Riverside No. 38	8.59	0	0	0.05
2	2-5	To be determined	2.9	0	0	0
2	2-6	Tulare Hill No. 3	2.33	0	0	0
2	2-7	To be determined	1	0	0	0.04
4	4-2	Piedmont No.53	18.76	0	0	0.22
4	4-6	Penitencia No. 75	3.12	4	1	0.14
4	4-7	Lick No. 24	2.73	0	0	0.07
4	4-11	Penitencia No. 76	1.01	0	0	0
5	5-6	Story No. 58	6.9	56	22	0.13
5	5-11	Capitol No. 55	0.91	8	3	0.01
5	5-13	Capitol No. 56	0.35	4	2	0.01
7	7-5	To be determined	3.85	10	3	0
8	8-1	Evergreen No. 193	113.76	0	0	0.36
8	8-2	Evergreen No. 199	40.34	85	31	0.57
8	8-3	Evergreen No. 194	9.87	0	0	0
8	8-4	Hillview No. 73	8.37	14	4	0.08
8	8-5	Evergreen No.195	1.75	0	0	0
9	9-3	Parker No. 25	3.48	21	9	0.05
9	9-5	Parker No. 24	0.54	5	2	0
(20)	Subtotal		239.24	207	77	1.73



### Phase 3

The third group of islands, consisting of 14 islands (1,109 acres and 15,929 residents) and including the Lyndale and Buena Vista areas, will generate the greatest demand for public services. Staff proposes that this group be annexed in 3 to 5 years to allow sufficient time for the various City departments to further analyze the impact of their annexation and to prepare to provide the necessary services. Annexation of phase 3 is proposed to begin in late 2007 – early 2008.

### **Proposed Phase 3 Annexations**

Council District	City ID#	Annexation Name	Acres	Population	Households	Streets (miles)
1	1-1	Sunol No. 77	84.98	914	346	2.92
5	5-1	Capitol No. 54	128.05	3008	735	4.5
5	5-2	Penitencia No. 77	119.39	2132	639	4.15
5	5-3	McKee No. 133	63.83	1083	278	2.04
5	5-4	McKee No. 134	30.84	480	134	0.85
6	6-1	Hamilton No. 60	146.77	1172	464	4.64
6	6-2	Hamilton No. 59	130.62	1142	453	4.05
6	6-3	Sunol No. 78	55.72	748	256	1.81
6	6-4	Buena Vista No. 2	41.06	1652	526	0.83
6	6-5	Burbank No. 39	15.97	86	33	0.43
7	7-1	Monterey Park No. 111	72.44	1132	259	2.49
7	7-2	Monterey Park No. 110	38.87	747	195	0.99
9	9-1	Cambrian No. 36	102.97	876	322	3.04
9	9-2	Parker No. 26	77.99	757	275	2.3
(14)	Subtotal		<b>1109.5</b>	<b>15929</b>	<b>4915</b>	<b>35.04</b>

### City Service Issues

As discussed in the April 12, 2006 Island Annexations memorandum to City Council, annexation of the subject properties will result in increased costs to the City departments which provide urban services, including the Police, Fire, Transportation, Public Works, Environmental Services, Library and Parks, Recreation and Neighborhood Services departments.

One of the most critical areas of staffing concerns will be that of Police services. Police Department staff have indicated that as a result of staffing and funding issues, they believe they would not be able to adequately serve the full complement of annexed areas in the long term without affecting service levels for existing City residents. Annexation of these areas without the addition of new officers would therefore potentially have a negative impact on response times in the remainder of the City. The exact number of additional staffing resources needed will require significant further studying and will be folded into the upcoming Five-Year Police Staffing Plan. Because the Police Department needs significant lead-time to hire and train new

police officers, staff proposes that annexation of the areas in the third phase not be concluded until sometime in 2008 or 2009.

The Department of Transportation (DOT) has also expressed concerns regarding their ability, given the current under funding of infrastructure maintenance programs, to operate and maintain additional transportation infrastructure. The funding problem for this department is also most severely impacted by phase 3, which includes properties with higher anticipated infrastructure costs. Generally properties in phase 3 include large sections of infrastructure or portions of County infrastructure that do not meet City standards and generally appear to be in poor condition, creating immediate added maintenance costs. DOT staff will need to thoroughly assess the County pockets in order to fully understand renovation and maintenance needs as part of the transfer operation and maintenance responsibility to the City. Funding will need to be provided later this fall to enable the department to perform this assessment. The assessment would provide an analysis of the condition of the infrastructure assets, estimated costs to improve deficient or sub-standard assets to good condition and/or within City standards, and estimated costs and needs to perform ongoing operation and maintenance of the new infrastructure.

Environmental Services has indicated that they will need to further evaluate the impacts of the annexations to solid waste collection and disposal routes. They will also need to calculate the increase use of San Jose's share of the San Jose/Santa Clara Water Pollution Control Plant treatment capacity generated from the properties to be annexed.

The Sanitary Section of the Department of Public Works has identified a need to evaluate the impact of all annexations to the existing sewer system, and assess potential needs and estimated costs for new sewers and sewer improvements, particularly for the undeveloped pockets. This evaluation will include research by staff of sewer records, hydraulic conditions, and coordination with the County Sanitation Districts. Staff anticipates the completion of this assessment in four to six months. Funding for this effort will also need to be appropriated in order to complete this work.

Grouping the proposed set of properties in phase 3 will provide the most time possible for staff in these various City departments to further analyze the impact of their annexations and to prepare to provide services consistent with City level of service goals.

#### Conclusion

The proposed annexation schedule accomplishes the City goal of annexing all 58 of the unincorporated islands within an acceptable time frame. The phasing plan effectively distributes the areas for annexation across the City in each phase while also minimizing the near-term costs and impacts to the City departments that must provide services to all incorporated areas. Cumulatively, these annexations will add costs for services and maintenance. Staff recommends that the City move forward with the annexation program, according to the proposed phasing plan.



### PUBLIC OUTREACH/INTEREST

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Outreach will occur consistent with Council Policy 6-30: Public Outreach for Pending Land Use and Development Proposals. The City will conduct community meetings when appropriate to explain the annexation process and the implications of annexation to County pocket residents, hearing notices for the proposed rezonings and annexations will be sent to the owners and residents of all properties within 300 feet of any site identified for annexation. Staff will make themselves available to answer any questions they have at the Public Information Counter and by phone.

For annexation projects in the first phase, initial outreach in the form of letters directed to the property owners has already begun. In addition, a community meeting was conducted in the Cambrian neighborhood on June 12<sup>th</sup> of this year and similar meetings will be held throughout the City as the program continues.

An informational website has been established at <http://www.sanjoseca.gov/planning/annex/> which is being used to provide regular updates for the community and includes extensive information on the annexation program. The website serves as an on-line "brochure" and a printed brochure with similar content is in preparation.

### COORDINATION

The preparation of this memorandum was coordinated with the City Attorney's Office. The proposed annexation program has been coordinated with the Departments of Transportation, Fire, Police, Parks, Recreation and Neighborhood Services, Environmental Services, Public Works, Library, and the Redevelopment Agency. These departments are participating in a working group to coordinate, discuss and resolve issues associated with the annexation efforts.

### FISCAL/POLICY ALIGNMENT

This project is consistent with the direction given by the City Council on April 25, 2006 to City staff to proceed with the County island annexation program. Funding for the Planning staff portion of personnel and non-personnel costs for the program is included in the approved 2006-

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2007 FY Budget. The Island Annexation effort is consistent with the San Jose 2020 General Plan's Growth Management Strategy, which guides the orderly growth of the City in recognition of available and programmed City services.

### **COST SUMMARY/IMPLICATIONS**

The impact of annexation of County pockets to the City will likely involve operational costs to provide direct services to the new areas such as emergency services provided by the Police and Fire Departments, demands by residents and businesses for street maintenance, code enforcement, recreational and library services. However, a detailed analysis will need to be performed by the administration before these needs can be adequately established. Following that analysis, any funding recommendation would be brought forward as part of the City's Five-Year Forecast and the budget process for the appropriate fiscal years.

There is also a significant potential liability to fund capital improvements that incoming City residents should receive, but the County never required at the time of development nor provided through its capital improvement budget process. The amount of that liability has also not been quantified to date, by the County nor City staff and to do so will also require significant further analysis. City staff is working with the County regarding their July 6, 2005 offer to provide or fund street improvements in the pockets and will bring forward appropriate funding recommendations as part of future budget processes.

### **BUDGET REFERENCE**

Not applicable.

### **CEQA**

2020 General Plan EIR Resolution #65459



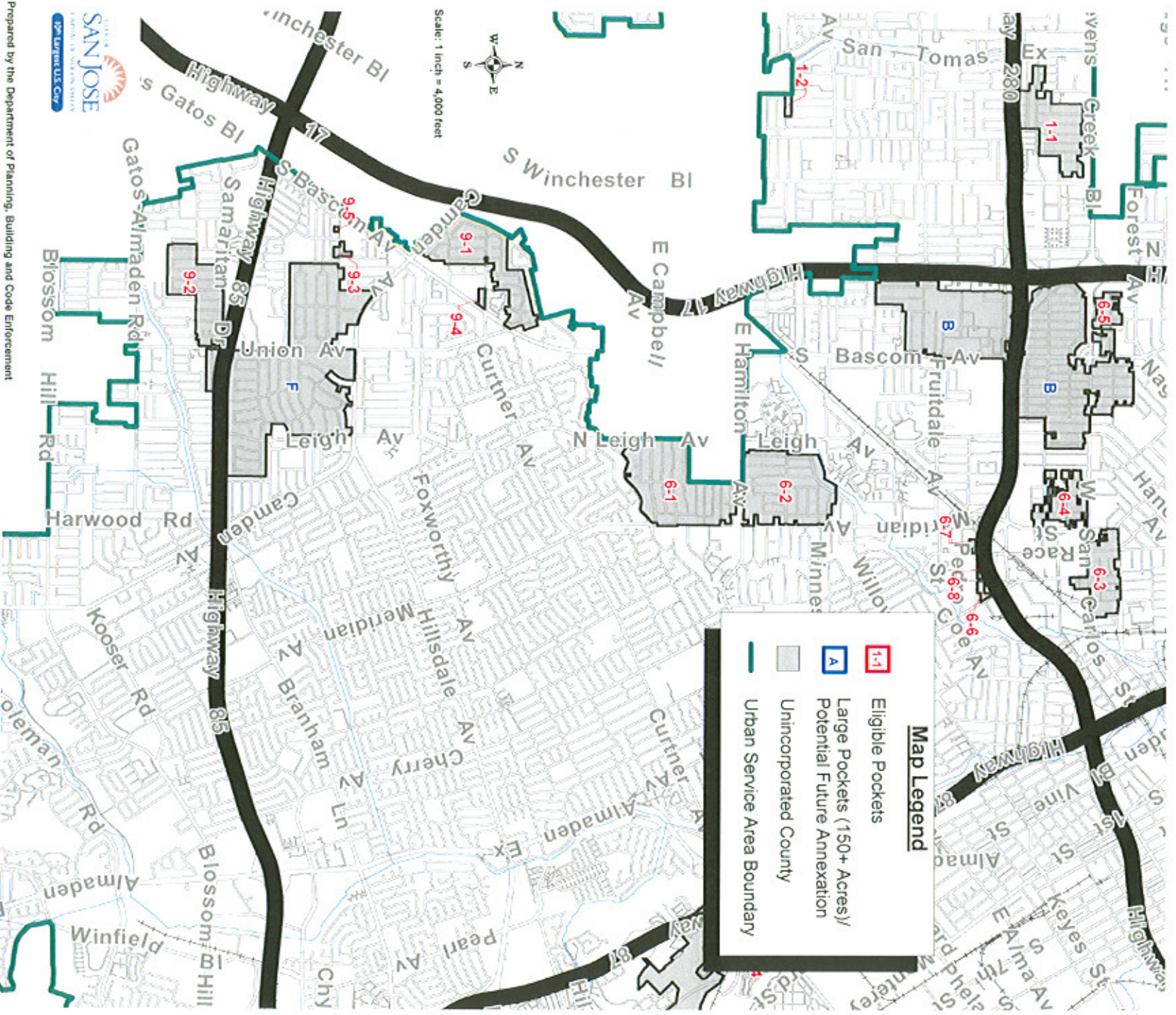
JOSEPH HORWEDEL, ACTING DIRECTOR  
Planning, Building and Code Enforcement

For questions please contact Andrew Crabtree, Principal Planner, at 535-7893.

Attachments:  
Maps

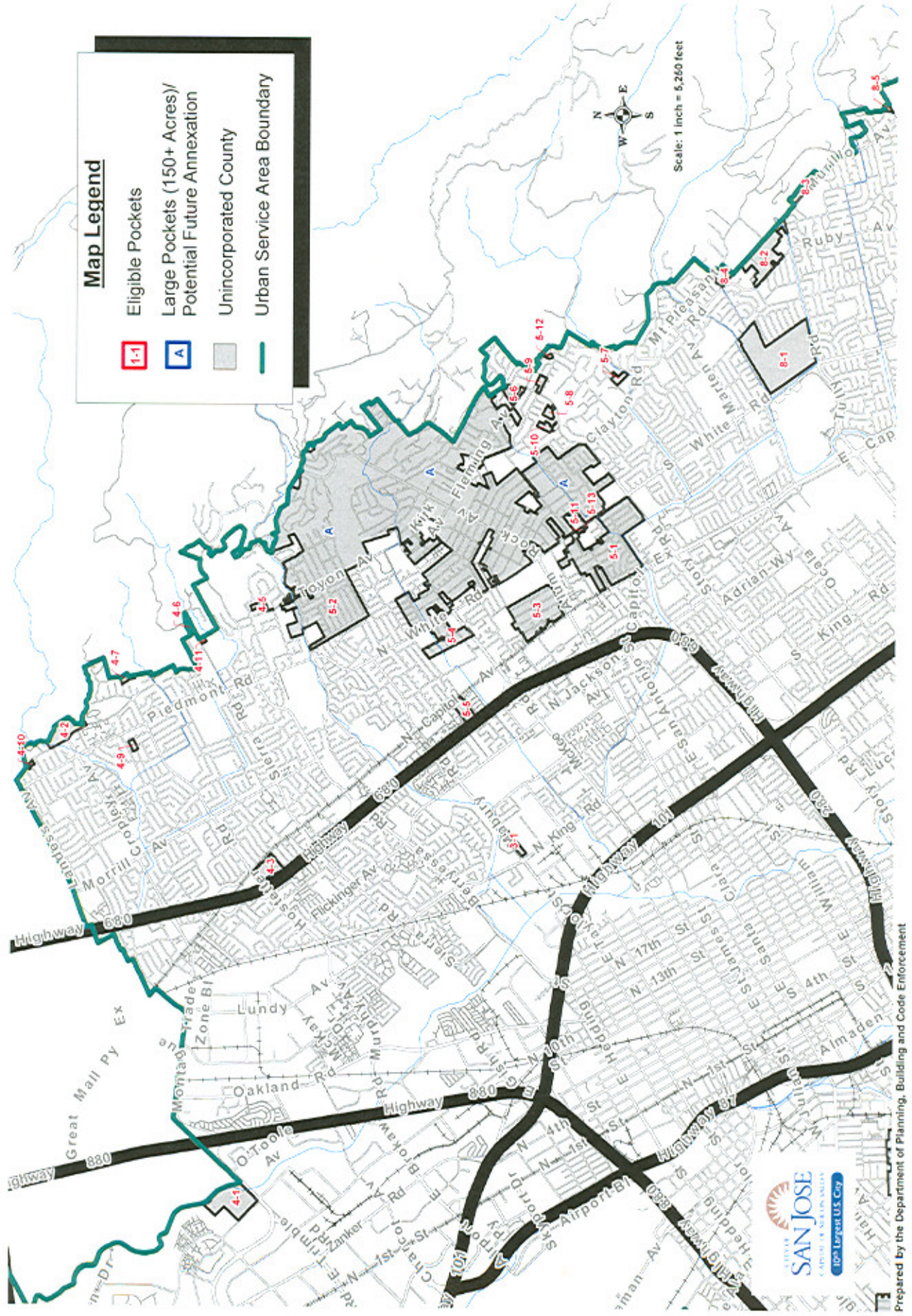


## County Pocket Annexations: Map 1 of 3





# County Pocket Annexations: Map 2 of 3





# County Pocket Annexations: Map 3 of 3

